

Article - Natural Resources

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§8-1005.

(a) (1) There is a “Shore Erosion Control Construction Loan Fund”. The Department shall administer the Fund to provide interest-free loans or grants to persons, municipalities, or counties for design and construction of shore erosion control projects. The Fund shall be maintained by:

(i) Repayments of principal on loans made from the Fund, with the repayments made through a benefit charge the State levies on privately owned property benefited by shore erosion control projects. The benefit charge shall compensate the State for net project construction cost. The benefit charge shall be levied at a uniform rate over a period not exceeding 25 years;

(ii) Repayment of administrative costs under § 8-1004 of this subtitle; and

(iii) Annual appropriation of funds to restore the Fund to a level sufficient to carry out an effective shore erosion control construction loan program during the succeeding year.

(2) (i) The Fund is a special, nonlapsing fund that is not subject to § 7-302 of the State Finance and Procurement Article.

(ii) Any investment earnings of the Fund shall be credited to the General Fund of the State.

(3) A property owner whose project is approved is eligible to receive an interest-free loan covering 100% of the first \$60,000 of project construction cost, 50% of the next \$20,000 of project construction cost, 25% of the next \$20,000 of project construction cost, and 10% of the part of construction cost exceeding \$100,000. However, where 2 or more property owners are included within a shore erosion control project, the land of each property owner is considered a separate shore erosion project for the purpose of computing net project construction cost under this formula.

(b) During the first month of each fiscal year, the Department shall submit to the Department of Budget and Management:

(1) An estimate of the amount of revenues the Fund expects to receive from repayment of outstanding loans; and

(2) The amount of funds required to reestablish an adequate balance in the Fund to make loans during the next fiscal year.

(c) If it appears reasonably likely that funds will be available for an approved shore erosion control project, the Department shall develop complete plans, specifications, and all information necessary to solicit firm bids for construction of the project. After selection of a contractor, in accordance with normal competitive bidding procedures, the Department shall advise the property owner of the estimated cost for the completion of all work. The property owner then may elect to abandon the project, and forfeit any initial deposit required under the regulations of the Department.

(d) (1) If, after completion of the procedures required under subsection (c) of this section, the property owner decides to proceed with the project, the provisions of this subsection shall apply.

(2) The property owner shall execute a written notice to proceed, on a form provided by the Department, and shall pay any property owner's cash contribution required under this subtitle. This action shall constitute an irrevocable commitment by the property owner to completion of the project in accordance with the provisions of this subtitle, including authorization for the Department to incur costs up to 10% in excess of the estimated cost above.

(3) Any excess costs within the 10% limit may not act to increase the property owner's cash contribution, but shall be included in the net project construction cost for purposes of assessing benefit charges at the conclusion of the project.

(4) The Department at this time shall cause a notice of lien to be recorded among the land records of the county where the benefited property is located. The notice generally shall describe the provisions of § 8-1006 of this subtitle regarding lien priority and the assumption of liability by a purchaser of a benefited property.

(5) The Department shall award a construction contract for the project, shall supervise actual construction work, and shall make reasonable efforts to ensure that the project is completed in accordance with all specifications and in a manner that conforms to normal industry practice. In this regard, the Department alone shall be responsible, in its own discretion, for negotiating any changes in the construction contract and for determining when the project is satisfactorily complete in all respects.

(6) On completion of the project, the Department shall:

(i) Endorse any property owner's cash contribution to the credit of the contractor; and

(ii) Pay the balance due the contractor from the Fund.

(7) Within 30 days of completion of the project, the Department shall certify to the Board of Public Works the net project construction cost. The Board of Public Works shall levy a benefit charge in accordance with the provisions of § 8-1006 of this subtitle.

(e) Costs to maintain shore erosion control projects are the sole responsibility of the benefited property owner. The Department periodically shall inspect these projects to recommend to the property owner any measures required to maintain the project.

(f) Any county or any municipal corporation may borrow interest-free funds from the Fund for any approved project without the project construction cost limitation stated in this section. The county or municipal corporation shall repay the funds at a uniform rate over a period not exceeding 25 years as stated by agreement between the State and county or municipal corporation.

(g) The Department shall include in its budget a request for funds necessary to provide and maintain shore erosion protection for State-owned properties.

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